

**SENATE BILL**

**No. 6**

**Introduced by Senator Burton and Bowen**

(Principal coauthors: Assembly Members Florez, Goldberg, and Shelley)

**(Coauthors: Senators Karnette, Kuehl, and Scott)**

(Coauthors: Assembly Members Aroner, Cedillo, Firebaugh, Frommer, Keeley, Papan, Romero, Steinberg, Thomson, and Wiggins)

January 18, 2001

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An act to add Division 1.5 (commencing with Section 3300) to the Public Utilities Code, relating to electrical power.

LEGISLATIVE COUNSEL'S DIGEST

SB 6, as introduced, Burton. California Consumer Power and Conservation Financing Authority.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations and other specified entities.

The Warren-Alquist State Energy Resources Conservation and Development Act requires the State Energy Resources Conservation and Development Commission (Energy Commission) to certify sufficient sites and related facilities that are required to provide a supply of electric power sufficient to accommodate projected demand for power statewide. The Energy Commission administers existing law with respect to energy conservation.

This bill would create the California Consumer Power and Conservation Financing Authority, with powers and responsibilities as prescribed, including the issuance of bonds, for the purposes of augmenting electric generating facilities and to ensure a sufficient and

reliable supply of electricity, financing incentives for investment in cost-effective energy-efficient appliances and energy demand reduction, achieving a specified energy capacity reserve level, providing financing for the retrofit of inefficient electric powerplants, renewable energy and conservation, and, where appropriate, developing strategies for the authority to facilitate a dependable supply of natural gas at reasonable prices to the public. The bill would create in the State Treasury the California Consumer Power and Conservation Financing Authority Fund, and all money in the fund, upon appropriation, would be available for the support of the authority.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Division 1.5 (commencing with Section 3300)  
2 is added to the Public Utilities Code, to read:

3

4 DIVISION 1.5. CALIFORNIA CONSUMER POWER AND  
5 CONSERVATION FINANCING AUTHORITY ACT

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7 CHAPTER 1. GENERAL PROVISIONS AND DEFINITIONS

8

9 3300. The Legislature finds and declares that in order to  
10 furnish the citizens of California with reliable, affordable  
11 electrical power, to ensure sufficient power reserves, to assure  
12 stability and rationality in California's electricity market, to  
13 encourage energy efficiency and conservation as well as the use of  
14 renewable energy resources, and to protect the public health,  
15 welfare, and safety, the state needs to finance, purchase, lease,  
16 own, operate, acquire, or otherwise provide financial assistance  
17 for public and private facilities for the generation and transmission  
18 of electricity and for renewable energy, energy efficiency, and  
19 conservation programs.

20 3301. This division shall be known and may be cited as the  
21 California Consumer Power and Conservation Financing  
22 Authority Act.

23 3302. As used in this division, unless the context otherwise  
24 requires, the following terms have the following meanings:



(a) “Act” means the California Consumer Power and Conservation Financing Authority Act.

(b) “Authority” means the California Consumer Power and Conservation Financing Authority established pursuant to Section 3320 and any board, commission, department, or officer succeeding to the functions thereof, or to whom the powers conferred upon the authority by this division shall be given by law.

(c) “Board” means the Board of Directors of the California Consumer Power and Conservation Financing Authority.

(d) “Bond purchase agreement” means a contractual agreement executed between the authority and a participating party, or a special purpose trust authorized by the authority or a participating party, or both, whereby the authority or special purpose trust authorized by the authority agrees to purchase bonds of the participating party for retention or sale.

(e) “Bonds” means bonds, including structured, senior, and subordinated bonds or other securities; loans; notes, including bond revenue, tax or grant anticipation notes; commercial paper; floating rate and variable maturity securities; and any other evidences of indebtedness or ownership, including certificates of participation or beneficial interest, asset backed certificates, or lease-purchase or installment purchase agreements, whether taxable or excludable from gross income for state and federal income taxation purposes.

(f) “Commission” means the Public Utilities Commission.

(g) “Cost,” as applied to a program, project or portion thereof financed under this division, means all or any part of the cost of construction, renovation, and acquisition of all lands, structures, real or personal property, rights, rights-of-way, franchises, licenses, easements, and interests acquired or used for a project; the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which the buildings or structures may be moved; the cost of all machinery, equipment, and financing charges; interest prior to, during, and for a period after, completion of construction, renovation, or acquisition, as determined by the authority; provisions for working capital; reserves for principal and interest and for extension, enlargements, additions, replacements, renovations, and improvements; and the cost of architectural, engineering, financial and legal services, plans, specifications,

1 estimates, administrative expenses, and other expenses necessary  
2 or incidental to determining the feasibility of any project or  
3 incidental to the construction, acquisition, or financing of any  
4 project.

5 (h) “Electrical corporation” has the same meaning as that term  
6 is defined in Section 218.

7 (i) “Energy Commission” means the State Energy Resources  
8 Conservation and Development Commission.

9 (j) “Financial assistance” in connection with a project,  
10 includes, but is not limited to, any combination of grants, loans, the  
11 proceeds of bonds issued by the authority or a special purpose  
12 trust, insurance, guarantees or other credit enhancements or  
13 liquidity facilities, and contributions of money, property, labor, or  
14 other things of value, as may be approved by resolution of the  
15 board or the participating party, or both; the purchase or retention  
16 of authority bonds, the bonds of a participating party for their  
17 retention or for sale by the authority, or the issuance of authority  
18 bonds or the bonds of a special purpose trust used to fund the cost  
19 of a project for which a participating party is directly or indirectly  
20 liable, including, but not limited to, bonds, the security for which  
21 is provided in whole or in part pursuant to the powers granted by  
22 this division; bonds for which the authority has provided a  
23 guarantee or enhancement, including, but not limited to, the  
24 purchase of the subordinated bonds of the participating party, the  
25 subordinated bonds of a special purpose trust, or the retention of  
26 the subordinated bonds of the authority pursuant to this division;  
27 or any other type of assistance deemed appropriate by the authority  
28 or the participating party.

29 (k) “Fund” means the California Consumer Power and  
30 Conservation Financing Authority Fund.

31 (l) “Loan agreement” means a contractual agreement executed  
32 between the authority or a special purpose trust and a participating  
33 party that provides that the authority or special purpose trust will  
34 loan funds to the participating party and that the participating party  
35 will repay the principal and pay the interest and redemption  
36 premium, if any, on the loan.

37 (m) “Local publicly owned electric utility” has the same  
38 meaning as that term is defined in Section 9604.

39 (n) “Participating party” means either of the following:



1 (1) Any person, company, corporation, partnership, firm, or  
2 other entity or group of entities, whether organized for profit or not  
3 for profit, engaged in business or operations within the state and  
4 that applies for financial assistance from the authority for the  
5 purpose of implementing a project.

6 (2) Any subdivision of the state or local government, including  
7 departments, agencies, commissions, cities, counties, nonprofit  
8 corporations, special districts, assessment districts, and joint  
9 powers authorities within the state or any combination of these  
10 subdivisions, that has, or proposes to acquire, an interest in a  
11 project and that makes application to the authority for financial  
12 assistance in a manner prescribed by the authority.

13 (o) “Project” means plants, facilities, equipment, appliances,  
14 structures, expansions, and improvements within the state that  
15 serve the purposes of this division as approved by the authority,  
16 and all activities and expenses necessary to initiate and complete  
17 those projects.

18 (p) “Revenues” means all receipts, purchase payments, loan  
19 repayments, lease payments, and all other income or receipts  
20 derived by the authority or a participating party from the sale,  
21 lease, or other financing arrangement undertaken by the authority,  
22 a participating party, including, but not limited to, all receipts from  
23 a bond purchase agreement, and any income or revenue derived  
24 from the investment of any money in any fund or account of the  
25 authority or a participating party.

26 (q) “Special purpose trust” means a trust, partnership, limited  
27 partnership, association, corporation, nonprofit corporation, or  
28 other entity authorized under the laws of the state to serve as an  
29 instrumentality of the state to accomplish public purposes and  
30 authorized by the authority to acquire, by purchase or otherwise,  
31 for retention or sale, the bonds of a participating party or of the  
32 authority made or entered into pursuant to this division and to issue  
33 special purpose trust bonds or other obligations secured by these  
34 bonds or other sources of public or private revenues.

35 (r) “State” means the State of California.

36 3304. Any action taken pursuant to this division is exempt  
37 from the Administrative Procedure Act, as defined in Section  
38 11370 of the Government Code.

1 CHAPTER 2. PURPOSE OF THE CALIFORNIA CONSUMER POWER  
2 AND CONSERVATION FINANCING AUTHORITY  
3

4 3310. The authority may only exercise its powers pursuant to  
5 Article 4 (commencing with Section 3340) of Chapter 3 for the  
6 following purposes:

7 (a) Establish, finance, purchase, lease, own, operate, acquire  
8 generating facilities and other projects, on its own or through  
9 agreements with public and private third parties or joint ventures  
10 with public or private entities, or provide financial assistance for  
11 projects by participating parties and generating facilities, to ensure  
12 a sufficient and reliable supply of electricity for California's  
13 consumers at just and reasonable rates.

14 (b) Finance incentives, administered by the Energy  
15 Commission, the commission, and other approved participating  
16 parties for consumers and businesses to invest in cost-effective  
17 energy efficient appliances, renewable energy projects, and other  
18 programs that will reduce the demand for energy in California.

19 (c) Achieve an adequate energy reserve capacity in California  
20 by 2006.

21 (d) Provide financing for owners of aged, inefficient, electric  
22 powerplants to perform necessary retrofits to improve the  
23 efficiency and environmental performances of those powerplants.

24 (e) Acquire transmission facilities pursuant to Article 5  
25 (commencing with Section 3350) of Chapter 3.  
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27 CHAPTER 3. THE CALIFORNIA CONSUMER POWER AND  
28 CONSERVATION FINANCING AUTHORITY  
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31 Article 1. Creation of the Authority  
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33 3320. (a) There is hereby created in the state government the  
34 California Consumer Power And Conservation Financing  
35 Authority, which shall be responsible for administering this  
36 division.

37 (b) The authority shall be under the direction of an executive  
38 director, who shall be appointed by a majority of the members of  
39 the board, and shall serve at the direction of the board.



(c) The authority shall implement the purposes of Chapter 2 (commencing with Section 3310), and to that end finance projects and programs in accordance with this division, all to the mutual benefit of the people of the state and to protect their health, welfare, and safety.

Article 2. Board of Directors

3325. (a) The authority shall be governed by a seven-member board of directors that shall consist of the following persons:

(1) Two individuals appointed by the Governor, subject to confirmation by the Senate. These two members shall have considerable experience in power generation, conservation, and financing.

(2) The Chair of the Energy Commission.

(3) The President of the commission.

(4) A member of the public appointed by the Senate Rules Committee.

(5) A member of the public appointed by the Speaker of the Assembly.

(6) The State Treasurer.

(b) Any appointed member of the board shall serve at the pleasure of the appointing power.

(c) Four of the members shall constitute a quorum and the affirmative vote of four board members shall be necessary for any action to be taken by the board.

(d) Except as provided in this subdivision, the members of the board shall serve without compensation, but shall be reimbursed for actual and necessary expenses incurred in the performance of their duties to the extent that reimbursement for these expenses is not otherwise provided or payable by another public agency, and shall receive one hundred dollars (\$100) for each full day of attending meetings of the authority.

3326. (a) The members of the board shall be subject to the Political Reform Act of 1974 (Title 9 (commencing with Section 81000)) of the Government Code, the applicable rules and standards of the Municipal Securities Rulemaking Board, and all other applicable provisions of law.

(b) The board may purchase insurance for its fiduciaries or for itself to cover liability or losses occurring by reason of the act or omission of a fiduciary, if the insurance permits recourse by the insurer against the fiduciary in the case of a breach of a fiduciary obligation by the fiduciary.

3327. Meetings of the board shall be open to the public and shall be conducted in accordance with the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code).

#### Article 3. Executive Director

3330. The executive director shall manage and conduct the business and affairs of the authority and the fund subject to the direction of the board. Except as otherwise provided in this section, the board may assign to the executive director, by resolution, those duties generally necessary or convenient to carry out its powers and purposes under this division. Any action involving final approval of any bonds, notes, loans, or other financial assistance shall require the approval of a majority of the members of the board.

#### Article 4. Powers of the Authority

3340. The authority is authorized and empowered to do any of the following:

- (a) Adopt an official seal.
- (b) Sue and be sued in its own name.
- (c) Adopt rules and regulations for the regulation of its affairs and the conduct of its business.
- (d) Do all things generally necessary or convenient to carry out its powers and the purposes under this division.

3341. The board may do all of the following:

- (a) Exercise the power of eminent domain.
- (b) Issue bonds and authorize special purpose trusts to issue bonds to pay all or part of the cost of any project, or to otherwise carry out the purposes of this division.



(c) Enter into joint powers agreements with eligible public agencies pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code.

(d) Subject to any statutory or constitutional limitation on their use, do any of the following:

(1) Engage the services of private consultants to render professional and technical assistance and advice in carrying out the purposes of this division; employ attorneys and other advisers as may, in the determination of the board, be necessary in connection with the issuance and sale, or authorization of special purpose trusts for the issuance and sale, of any bonds.

(2) Contract for engineering, architectural, accounting, or other services of appropriate state agencies as may, in the determination of the board, be necessary for the successful development of a project.

(3) Pay the reasonable costs of consulting engineers, architects, accountants, and construction, land use and environmental experts employed by any participating party if, in the determination of the board, those services are necessary for the successful development of a project.

(e) Charge and equitably apportion among participating parties or other public or private entities the authority's administrative costs and expenses, including operating and financing-related costs incurred in the exercise of the powers and duties conferred by this division.

(f) Acquire, take title to, and sell by installment sale or otherwise, lands, structures, real or personal property, rights, rights-of-way, franchises, easements, and other interests in lands that are located within the state as the authority determines to be necessary or convenient for the financing of the project, upon terms and conditions that it considers to be reasonable.

(g) Make, receive, or serve as a conduit for the making of, or otherwise provide for, grants, contributions, guarantees, insurance, credit enhancements or liquidity of facilities, or other financial enhancements to a participating party as financial assistance for a project. The sources may include bond proceeds, dedicated taxes, state appropriations, federal appropriations, federal grants and loan funds, public and private sector retirement system funds, and proceeds of loans from the Pooled Money

1 Investment Account, or any other source of money, property,  
2 labor, or other things of value.

3 (h) Make loans to any participating party, either directly or by  
4 making a loan to a lending institution or other financial  
5 intermediary, in connection with the financing of a project in  
6 accordance with an agreement between the authority and a  
7 participating party, either as a sole lender or in participation with  
8 other lenders.

9 (i) Make loans to any participating party, either directly or by  
10 making a loan to a lending institution, in accordance with an  
11 agreement between the authority and the participating party to  
12 refinance indebtedness incurred by the participating party in  
13 connection with projects undertaken and completed prior to any  
14 agreement with the authority or expectation that the authority  
15 would provide financing, either as a sole lender or in participation  
16 with other lenders.

17 (j) Mortgage all or any portion of the authority's interest in a  
18 project and the property on which any project is located, whether  
19 owned or thereafter acquired, including the granting of a security  
20 interest in any property, tangible or intangible.

21 (k) Assign or pledge all or any portion of the authority's  
22 interests in assets, things of value, mortgages, deeds of trust,  
23 bonds, bond purchase agreements, loan agreements, indentures of  
24 mortgage or trust, or similar instruments, notes, and security  
25 interests in property, tangible or intangible and the revenues  
26 therefrom, of a participating party to which the authority has made  
27 loans, and the revenues therefrom, including payment or income  
28 from any interest owned or held by the authority, for the benefit of  
29 the holders of bonds.

30 (l) Lease the project being financed to a participating party,  
31 upon terms and conditions that the authority deems proper; charge  
32 and collect rents therefor; terminate any lease upon the failure of  
33 the lessee to comply with any of the obligations thereof; include  
34 in any lease, if desired, provisions that the lessee shall have options  
35 to renew the lease for a period or periods, and at rents determined  
36 by the authority; purchase any or all of the project; or, upon  
37 payment of all the indebtedness incurred by the authority for the  
38 financing of the project, the authority may convey, any or all of the  
39 project to the lessee or lessees.



(m) Issue, obtain, or aid in obtaining, from any department or agency of the United States, from other agencies of the state, or from any private company, any insurance or guarantee to, or for, the payment or repayment of interest or principal, or both, or any part thereof, on any loan, lease, or obligation or any instrument evidencing or securing the same, made or entered into pursuant to this division.

(n) Enter into any agreement or contract, execute any instrument, and perform any act or thing necessary or convenient to, directly or indirectly, secure the authority's bonds, the bonds issued by a special purpose trust, or a participating party's obligations to the authority or to a special purpose trust, including, but not limited to, bonds of a participating party purchased by the authority or a special purpose trust for retention or sale, with funds or moneys that are legally available and that are due or payable to the participating party by reason of any grant, allocation, apportionment or appropriation of the state or agencies thereof, to the extent that the Controller shall be the custodian at any time of these funds or moneys, or with funds or moneys that are or will be legally available to the participating party, the authority, or the state or any agencies thereof by reason of any grant, allocation, apportionment, or appropriation of the federal government or agencies thereof; and in the event of written notice that the participating party has not paid or is in default on its obligations to the authority or a special purpose trust, direct the Controller to withhold payment of those funds or moneys from the participating party over which it is or will be custodian and to pay the same to the authority or special purpose trust or their assignee, or direct the state or any agencies thereof to which any grant, allocation, apportionment or appropriation of the federal government or agencies thereof is or will be legally available to pay the same upon receipt by the authority or special purpose trust or their assignee, until the default has been cured and the amounts then due and unpaid have been paid to the authority or special purpose trust or their assignee, or until arrangements satisfactory to the authority or special purpose trust have been made to cure the default.

(o) Purchase, with the proceeds of the authority's bonds, bonds issued by, or for the benefit of, any participating party in connection with a project, pursuant to a bond purchase agreement or otherwise. Bonds purchased pursuant to this division may be

1 held by the authority, pledged or assigned by the authority, or sold  
2 to public or private purchasers at public or negotiated sale, in  
3 whole or in part, separately or together with other bonds issued by  
4 the authority, and notwithstanding any other provision of law, may  
5 be bought by the authority at private sale.

6 (p) Enter into purchase and sale agreements with all entities,  
7 public and private, including state and local government pension  
8 funds, with respect to the sale or purchase of bonds.

9 (q) Authorize a special purpose trust or trusts to purchase or  
10 retain proceeds of the bonds of a special purpose trust or bonds  
11 issued by, or for the benefit of, any participating party in  
12 connection with a project or issued by the authority or a special  
13 purpose trust, pursuant to a bond purchase agreement or otherwise.  
14 Bonds purchased pursuant to this division may be held by a special  
15 purpose entity, pledged or assigned by a special purpose entity, or  
16 sold to public or private purchasers at public or negotiated sale, in  
17 whole or in part, with or without structuring, subordination or  
18 credit enhancement, separately or together with other bonds issued  
19 by a special purpose trust, and notwithstanding any other provision  
20 of law, may be bought by the authority or by a special purpose trust  
21 at private sale.

22 3342. The fiscal powers granted to the authority by this  
23 division may be exercised without regard or reference to any other  
24 department, division, or agency of the state, except the Legislature  
25 or as otherwise stated in this division. This division shall be  
26 deemed to provide an alternative method of doing the things  
27 authorized by this division, and shall be regarded as supplemental  
28 and additional to powers conferred by other laws.

29 3343. No member of the board or any person executing bonds  
30 of the authority or a special purpose trust pursuant to this division  
31 shall be personally liable on the bonds or subject to any personal  
32 liability or accountability by reason of the issuance thereof.

33 3344. All expenses incurred in carrying out this division shall  
34 be payable solely from funds provided under the authority of this  
35 division and no liability or obligation shall be imposed upon the  
36 State of California and, none shall be incurred by the authority  
37 beyond the extent to which moneys shall have been provided under  
38 this division. Under no circumstances shall the authority create  
39 any debt, liability, or obligation on the part of the State of



California payable from any source whatsoever other than the moneys provided under this division.

3345. Bonds issued under this division shall not be deemed to constitute a debt or liability of the state or of any political subdivision thereof, other than the authority, or a pledge of the faith and credit of the state or of any political subdivision, other than the authority, but shall be payable solely from the funds herein provided therefor. All bonds issued under this division shall contain on the face thereof a statement to the following effect:

“Neither the faith and credit nor the taxing power of the State of California or any local agency is pledged to the payment of the principal of or interest on this bond.”

The issuance of bonds under this division shall not directly or indirectly or contingently obligate the state or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment. Nothing in this section shall prevent nor be construed to prevent the authority from pledging its full faith and credit to the payment of bonds or issue of bonds authorized pursuant to this division.

#### Article 5. Generation Facilities

3350. All generation facilities constructed or improved pursuant to this division shall comply with Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of the Labor Code.

3351. All generation-related projects financed pursuant to this division shall provide power to the consumers of this state at just and reasonable rates, as determined by the commission or the governing board of a municipal public utility.

3352. The activities of the authority under this division are intended to supplement private sector power generation, consistent with achieving reasonable energy capacity reserves within five years of the effective date of the division.

3353. The authority shall have the authority to receive and act on applications for financial assistance from owners of existing powerplants that are 30 years old or older whose owners or operators commit to undertake capacity expansion through facility retrofits, new construction, or both, that will improve the efficiency and environmental performance of generation facilities.

## Article 6. Acquisition of Transmission

3360. (a) On January 1, 2002, the authority, in consultation with the commission, shall determine and report to the Legislature, the feasibility of the state acquiring, operating, and maintaining the transmission facilities currently owned by the electrical corporations and local publicly owned electric utilities of the state. The report shall include an economic analysis of that acquisition, describe how the authority would commence the acquisition, and determine whether an acquisition is in the interest of the citizens of the state.

(b) Upon determining that state acquisition, operation, and maintenance of the transmission facilities owned by the electrical corporations and local publicly owned electric utilities of the state is in the interest of the citizens of the state, but no sooner than 60 days after the date that the report described in subdivision (a) is submitted to the Legislature, the authority may commence the acquisition.

## Article 7. Renewable Energy and Conservation

3365. (a) The authority may establish programs that provide loans, under terms and conditions approved by the authority, to any participating party, which, in turn, shall use that loan to make financial assistance available to California consumers and businesses for electric and natural gas energy conservation, and for the use of renewable energy resources.

(b) The purposes for which loans provided pursuant to subdivision (a) may include, but shall not be limited to, any of the following:

(1) The purchase of consumer appliances and home improvements with electric and gas energy efficiency or renewable energy characteristics, as approved by the Energy Commission, the commission, or a participating public utility, as applicable, and certified by the applicable party as having been installed or completed.

(2) The purchase or lease of business equipment and facility improvements with electric and gas energy efficiency or renewable energy characteristics, as approved by the Energy Commission, the commission, or a participating public utility, as

applicable, and certified by the applicable party as having been installed or completed.

3366. As a condition of receipt of a loan pursuant to Section 3365, a participating party shall be required to conduct a comprehensive marketing program that makes consumers aware of the availability of these financial assistance programs.

#### Article. 8 Natural Gas Plans

3368. The commission shall obtain from each natural gas supplier under its jurisdiction, plans regarding the supplier's future investments in natural gas exploration, development, and transportation to meet California's needs at reasonable costs to the consumers, and shall provide these reports to the authority, as prescribed by subdivision (a).

(a) Each natural gas supplier shall, within 90 calendar days of the effective date of this division, submit the report required by this section to the commission, and the commission shall forward that report to the authority not later than 10 business days after receipt of the report.

(b) The authority, based on these reports and in consultation with the commission, shall develop appropriate strategies for the authority to facilitate a dependable supply of natural gas at reasonable prices to the public. These strategies may include the ability of the authority to finance activities to supplement private sector supplies of natural gas, if it is determined to be in the best interests of the state, using the same powers under this division applicable to supplementing private sector supplies of electricity.

#### CHAPTER 4. CALIFORNIA CONSUMER POWER AND CONSERVATION FINANCING AUTHORITY FUND

3370. (a) There is hereby created in the State Treasury the California Consumer Power and Conservation Financing Authority Fund for expenditure by the authority for the purpose of implementing the objectives and provisions of this division. The authority may establish within the fund additional accounts and subaccounts.



(b) The assets of the fund shall be available for the payment of the salaries and other expenses charged against it in accordance with this division.

(c) All moneys in the fund, upon appropriation, shall be available for expenditure for the purposes stated in this division.

(d) The fund, on behalf of the authority, may borrow or receive moneys from the authority, or from any federal, state, or local agency or private entity, to create reserves in the fund as provided in this division and as authorized by the board.

#### CHAPTER 5. BONDS

3380. (a) The board may so authorize, and the authority may issue bonds, notes or other forms of indebtedness, as authorized by this division, for the purposes provided in this division in the amount of \_\_\_\_ dollars (\$\_\_\_\_).

(b) Of the amount specified in subdivision (a), \_\_\_\_ dollars (\$\_\_\_\_) initially shall be reserved for the programs authorized by Article 7 (commencing with Section 3365) of Chapter 3.

(c) Any portion of the initial reserved amount specified in subdivision (b) that is not issued on or prior to January 1, 2004, may be issued for other purposes of the authority, upon approval of the board.

3381. Bonds issued by the authority are legal investments for all trust funds, the funds of all insurance companies, banks, both commercial and savings, trust companies, executors, administrators, trustees, and other fiduciaries, for state school funds, pension funds, and for any funds that may be invested in county, school, or municipal bonds.

(b) Any and all bonds issued by the authority or special purpose trust, their transfer and the income therefrom, shall at all times be free from taxation of every kind by the state and by all political subdivisions of the state.

(c) The issuance of bonds under this division shall not directly or indirectly or contingently obligate the state or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment.

(d) The state does hereby pledge to, and agrees with the holders of any bonds issued under this division, and with those parties who may enter into contracts with the authority pursuant to this



1 division, that the state will not limit or alter the rights hereby vested  
2 in the authority to finance any project and to fulfill the terms of any  
3 loan agreement, lease, or other contract with the authority pursuant  
4 to this division, or in any way impair the rights or remedies of the  
5 bond holders or of the parties until those bonds, together with the  
6 interest thereon, are fully discharged or provision for this  
7 discharge has been made and those contracts are fully performed  
8 on the part of the authority. The authority, as agent for the state,  
9 may include this pledge and undertaking for the state in its  
10 obligations and contracts.

11 3382. The authority may request and obtain, upon approval of  
12 the Pooled Money Investment Board, a loan from the Pooled  
13 Money Investment Account. This loan may be subject to the terms  
14 negotiated with the Pooled Money Investment Account,  
15 including, but not limited to, a pledge of authority bond proceeds  
16 or revenues.

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